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FISCAL IMPACT STATEMENT

LS 6341

BILL NUMBER: HB 1361

NOTE PREPARED: Nov 19, 2004

BILL AMENDED:

SUBJECT: Locksmith Registration.

FIRST AUTHOR: Rep. Brown C

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires locksmiths to be registered. It also requires the State Police Department to administer the registration program and conduct a national criminal history background check for each registration applicant.

Effective Date: July 1, 2005.

Summary of Net State Impact: Expenses for initiating and maintaining the registry are estimated to be approximately \$61,000 the first year and then \$42,150 annually for staff costs plus \$17,375 every other year, based on the two-year registration cycle. Expenses should be offset by the registration fees charged by the Department.

Explanation of State Expenditures: This bill requires the State Police Department to provide for the registration of locksmiths. Because the Department does not currently provide registration for other trades, the fiscal impact of this provision is based on both start-up and administration costs.

Expenses for initiating and maintaining the registry are estimated to be approximately \$61,000 the first year and then \$42,150 annually for staff costs plus \$17,375 every other year, based on the two-year registration cycle.

It is unknown how many locksmiths would apply for the registration program. Of the states surrounding Indiana, only Illinois has a licensure program for locksmiths. Both individual locksmiths and locksmith agencies are required to hold a license in order to perform locksmith services in Illinois. The licensure requirement was

enacted in 1995.

The Illinois Department of Financial and Professional Regulation (IDFPR) administers the license under the Private Detective, Private Alarm, Private Security and Locksmith Board. Following is a list of fees paid by locksmiths and locksmith agencies for licensure in Illinois:

- Locksmiths - \$500 plus cost of examination.
- Locksmith Renewal - \$50.
- Locksmith Agency - \$500.
- Locksmith Agency Branch - \$200.
- Locksmith Agency Employee - \$55.

The IDFPR reports that 532 individual locksmith licenses, 115 locksmith agency and 10 agency branch licenses are active.

The Indiana State Police provided a list of resources that would be required for setting up and administering the registry: additional computer hardware and software; annual computer maintenance; one PAT IV and one PAT V staff, including indirect costs; paper and postage for identification cards; and national criminal history checks.

Computer Costs: Considering the number of licenses issued in Illinois as an indication of how many locksmiths might apply for licensure in Indiana, the database requirements for this limited number of applicants could be fulfilled by using Microsoft Office products readily available on most state-issued computer systems. The Department may require \$1,000 to \$1,500 initially for an additional computer.

Staff Costs: The Department may only need one additional position to implement and maintain the registry. An administrative assistant position would cost \$42,400 in FY 2006 and \$42,150 in FY 2007, or a data processing operator would cost roughly \$39,400 in FY 2006 and \$39,000 in FY 2007. The funds and resources required here could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Identification Card Costs: Based on the Department's estimated cost for paper and postage, the cost associated with registering 500 applicants would be approximately \$375.

Criminal History Costs: The bill also requires the Department to conduct a national criminal history background check on each registrant. The Department charges \$34 for requests for a national criminal history check. The Department would include the cost of a background check in the registration fee. For every 500 registrants, the cost of conducting the background check amounts to \$17,000.

The cost to implement the registry is estimated at approximately \$61,000 for computer costs (\$1,250), an administrative assistant position (\$42,400), identification cards (\$375), and criminal history checks (\$17,000). Thereafter, the annual costs are associated with the staff position. In every other year, the registry will cost approximately \$17,375 in addition to the staff position due to the renewal of the registrations. As a result, the average annual cost of the registry is estimated at approximately \$50,800.

Background - In FY 2004, revenue of \$1.4 M was generated from the issuance of limited criminal histories. The cost of criminal history checks are:

- \$7.00 for a limited history check (includes in-state arrests for one year or less, and all in-state dispositions) and;
- \$34.00 for a full national history check (includes all arrests and dispositions including juvenile), or if the check is for a volunteer of the child care center, the cost is \$28.00.

Explanation of State Revenues: The Department would be required to set a registration fee. The revenue generated from the locksmith registration fee is dependent on the amount charged and the number of applicants. The money would be used for administering the locksmith registry.

If 500 locksmiths register with the Department, the fee needed to offset the initial cost of the registry would be \$122. To offset the registry's costs in subsequent years, the fee would need to be roughly \$120. If the Department charged \$500 for initial registration, as does Illinois, \$250,000 in revenue would be generated from 500 applicants. The Department may also charge for renewal of the registration, a duplicate registration, as well as include the cost of the national criminal history check.

Expenses should be offset by the registration fees charged by the Department.

Penalty Provision: This bill provides that if an individual offers to perform, advertises to perform, or performs locksmith services for compensation as a registered locksmith without having registered with the Department, the individual commits a Class A infraction. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class A infraction is \$10,000 which is deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Indiana State Police Department.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Steve Hillman, State Police Department, (317) 232-5899; Illinois Department of Financial and Professional Regulation, www.idfpr.com.

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